

## Message Text

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ACTION AF-18

INFO OCT-01 ISO-00 L-03 EB-11 COME-00 STR-08 TRSE-00

CIAE-00 INR-10 NSAE-00 RSC-01 DRC-01 /053 W

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R 141510Z FEB 74

FM AMEMBASSY FREETOWN

TO SECSTATE WASHDC 9238

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E.O. 11652: N/A

TAGS: EMIN, EFIN, SL

SUBJECT: FIRST NATIONAL CITY BANK/SHERBRO MINERALS TAXES

REF: A) FREETOWN 0283

B) STATE 028594

1. COMMISSIONER FOR INCOME TAX, C.A.M. LEWIS, OPENED SUBJECT MEETING (REF A) WITH REVIEW OF ISSUE, GOSL EXPLANATION OF FNCB LIABILITY AND ITS INABILITY TO COLLECT OUTSTANDING TAX CLAIM. EMBOFF EXPLAINED THAT WHILE HE WELCOMED OPPORTUNITY TO LEARN BACKGROUND OF ISSUE HE ONLY THERE AS OBSERVER AND THAT THE COMMISSIONER'S PRESENTION WOULD BEST BE DIRECTED TO FNCB VP, MR. RONALD J. BARRY, WHOSE NAME AND WILLINGNESS TO DISCUSS ISSUE WAS COMMUNICATED TO GOSL BY EMBASSY NOTE OF OCTOBER 3, 1973.

2. LEWIS RESPONDED THAT HE RECOGNIZED ISSUE WAS BETWEEN GOSL AND FNCB BUT WANTED EMBASSY ABREAST OF SITUATION BECAUSE IT MIGHT ULTIMATELY INVOLVE USG. HE CLAIMED FNCB ACKNOWLEDGED TAX LIABILITY BUT UNWILLING TO PAY UNTIL QUESTION OF DOUBLE TAXATION RESOLVED.

3. ACCORDING TO LEWIS, AT OUTSET OF LOAN TO SHERBRO MINERALS FNCB BELIEVED IT WAS EXEMPT FROM INCOME TAX ON LOAN INTEREST. SUBSEQUENTLY IT WAS CONVINCED OF LIABILITY AND SHERBRO MINERALS REMITTED INTEREST PAYMENT TO FNCB LESS TAX PAYMENT. TAX ARREARAGES

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IN CONTENTION ARE THOSE UNPAID BEFORE RECOGNITION OF LIABILITY

AND AMOUNT TO LE 303,025.85 (LEONE EQUALS \$1.13).

4. LEWIS ASSERTS THAT FNCB WILLING TO PAY TAX ARREARAGE BUT ONLY IF USG WILLING TO GRANT FNCB TAX CREDIT FOR PAYMENT TO GOSL, AND THEREBY AVOID DOUBLE TAXATION. HIS "RECOLLECTION" IS THAT FNCB UNWILLINGNESS TO PAY BASED ON FINDING THAT ITS CLAIM FOR DOUBLE TAXATION EXEMPTION WOULD BE TOO LATE FOR DEADLINE FOR SUCH SET BY USG.

5. WHEN ASKED BY MIN EXT AFF REP WHETHER USG WOULD GRANT RETROACTIVE DOUBLE TAXATION EXEMPTION TO FNCB, EMBOFF REITERATED HE ONLY OBSERVER, POINTED OUT QUESTION HYPOTHETICAL AS FNCB TO BEST HIS KNOWLEDGE HAD NOT MADE REQUEST FOR SUCH CONSIDERATION, AND HE UNINFORMED OF FACTS OF MATTER, NOR IMPOWERED TO DISCUSS IT. AT THIS POINT, MIN EXT AFF REP ACKNOWLEDGED THAT FNCB VP BARRY HAD BEEN CONTACTED BY SL EMBASSY WASHINGTON, AND FURTHER MEETING WOULD BE ARRANGED ONCE MIN EXT AFF REPLIED TO EMBASSY'S REQUEST FOR MORE BACKGROUND INFO ON ISSUE.

6. BY END OF MEETING GOSL OFFICIALS REACHED CONSENSUS THAT MOST PRODUCTIVE COURSE WOULD BE TO PURSUE MATTER WITH MR. BARRY AND AGREED TO PROVIDE SL EMBASSY WASHINGTON WITH FULL DETAILS.

7. COMMENT: LEWIS PERSONALLY BELIEVES FNCB DEBT UNCOLLECTABLE AND HAD RECOMMENDED TO GOVERNMENT THAT IT BE WRITTEN OFF THE BOOKS. GOVE-

GOVERNMENT REFUSED AND INSTRUCTED HIM TO FIND A WAY TO COLLECT. RECOGNIZING FNCB HAS NO ASSETS IN SIERRA LEONE WHICH CAN BE ATTACHED AND THERE NO APPARENT LEGAL ACTION GOSL CAN TAKE AGAINST BANK TO RECOVER DEBT, EMBASSY SUSPECTS LEWIS HAS CONCOCTED TAX CREDIT GAMBIT AS RELATIVELY PAINLESS WAY FOR FNCB TO PAY AND AS DEVICE TO GET USG INVOLVED. EMBASSY CONFIDENT THAT IF FNCB REQUESTED RETROACTIVE TAX CREDIT, WE WOULD BE SUBJECTED TO CONSIDERABLE PRESSURE FROM GOSL TO APPROVE IT. OLSON

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TAX LAW, MEETINGS, INCOME TAXES, BANK LOANS, DEBT REPAYMENTS, LIABILITIES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 14 FEB 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** MorefiRH  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974FREETO00295  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** n/a  
**From:** FREETOWN  
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**Image Path:**  
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**Line Count:** 96  
**Locator:** TEXT ON-LINE  
**Office:** ACTION AF  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** A) FREETOWN 0283  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** MorefiRH  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 03 SEP 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <03 SEP 2002 by shawdg>; APPROVED <04-Sep-2002 by MorefiRH>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** FIRST NATIONAL CITY BANK/SHERBRO MINERALS TAXES  
**TAGS:** EMIN, EFIN, SL, FIRST NATIONAL CITY BANK, SHERBRO MINERALS  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005